



CONNECTICUT'S INCOME TAX CHECKOFF PROGRAM

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CONNECTICUT'S CHECKOFF PROGRAM ACCOUNTS:

- Organ Transplant Account (1993)
- Endangered Species, Natural Area Preserves, and Watchable Wildlife Account (1993)
- AIDS Research Education Account (1993)
- Breast Cancer Research and Education Account (1997)
- Safety Net Services Account (1997)
- Military Relief Fund (2005)
- CHET (Connecticut Higher Education Trust) Baby Scholars Fund (2014)

ISSUE

Explain the state's income tax checkoff program. Provide the (1) legislative history and rationale for the accounts eligible to receive income tax contributions and (2) amount of money they have received under the checkoff program.

SUMMARY

Under Connecticut's income tax checkoff program, taxpayers can voluntarily contribute any portion of their state income tax refund to seven designated state accounts. The accounts, administered by various state agencies, fund a range of charitable, environmental protection, research, and education programs including grants to military families, organ donors and recipients, and AIDS and breast cancer researchers. In total, taxpayers have contributed over \$6 million under the income tax checkoff program from 1993 through 2014.

The legislature created the program in 1993 by establishing three accounts eligible to receive taxpayer contributions: the Organ Transplant Account; Endangered Species, Natural Area Preserves, and Watchable Wildlife Account; and AIDS Research Education Account ([PA 93-233](#)). The act's legislative history suggests that the legislature chose these three accounts in part because they were the same ones designated under Massachusetts' income tax checkoff program.

The legislature expanded the program in 1997, 2005, and 2014 to include four additional accounts: the Breast Cancer Research and Education Account, Safety Net Services Account, Military Relief Fund, and CHET Baby Scholars Fund. The legislative history of these acts provides limited insight into the legislature's rationale for adding these accounts.

PROGRAM OVERVIEW

Taxpayer Contributions

The law allows taxpayers to contribute any portion of their state income tax refunds to seven state programs ([CGS § 12-743](#) and [12-743a](#)). Table 1 lists the accounts and indicates for each the year in which it was established, its purpose, and the administering agency.

Table 1: State Programs Eligible to Receive Income Tax Contributions

| <i>Account</i> | <i>Year Established</i> | <i>Purpose</i> | <i>Administering Agency</i> |
|--|--------------------------------|--|--|
| Organ Transplant Account (CGS § 17b-288) | 1993 | To help (1) state residents pay for medically-required organ transplants and (2) those donating organs to state residents pay for associated costs | Department of Social Services (DSS) or its contractors |
| Endangered Species, Natural Area Preserves, and Watchable Wildlife Account (CGS § 22a-27i) | 1993 | To identify, protect, conserve or manage, or develop and produce materials concerning, endangered species, natural area preserves, or nonharvested wildlife. | Department of Energy and Environmental Protection or its contractors |
| AIDS Research Education Account (CGS § 19a-32a) | 1993 | To assist AIDS research, education, and AIDS-related community service programs | Department of Public Health (DPH) or its contractors |
| Breast Cancer Research and Education Account (CGS § 19a-32b) | 1997 | To assist breast cancer research, education, and breast cancer related community service programs | DPH or its contractors |
| Safety Net Services Account (CGS § 17b-112f) | 1997 | To fund safety net services to qualifying families that have lost or are at risk of losing Temporary Family Assistance (TFA) benefits | DSS or its contractors |
| Military Relief Fund (CGS § 27-100a) | 2005 | To fund grants to Connecticut-domiciled armed forces members or their immediate relatives to pay for essential goods and services when military service creates financial hardship | State Treasurer administers fund; Military Department disburses grants from the fund |
| CHET (Connecticut Higher Education Trust) Baby Scholars Fund (CGS § 3-22u) | 2014 | To promote college education savings by providing incentives of up to \$250 for CHET college savings accounts opened for children age one and under or newly adopted | State Treasurer |

Taxpayers indicate the amount of their refund they wish to contribute to the designated programs on schedule 5 of the income tax form (CT-1040). Figure 1 shows the space on the tax form in which taxpayers must write the whole dollar amount of their contribution. Contributions are irrevocable once the return is filed.

The [instructions](#) that accompany the form describe each program's purpose and specify a mailing address for those wishing to contribute directly. They also indicate how a taxpayer may contact an organ donor registry organization and provide electronic links to appropriate organ donor registry organizations.

Figure 1: Form CT-1040 Checkoff Programs

| Schedule 5 - Contributions to Designated Charities - See more information on Page 6. | | |
|---|------|-----|
| 70a. AIDS Research | 70a. | .00 |
| 70b. Organ Transplant | 70b. | .00 |
| 70c. Endangered Species/Wildlife | 70c. | .00 |
| 70d. Breast Cancer Research | 70d. | .00 |
| 70e. Safety Net Services | 70e. | .00 |
| 70f. Military Relief | 70f. | .00 |
| 70g. CHET Baby Scholar | 70g. | .00 |
| 70. Total Contributions: Add Lines 70a through 70g. Enter amount here and on Line 24a. | 70. | .00 |

Source: [Form CT-1040, 2015 Connecticut Resident Income Tax Return](#)

Administrative Costs

The law allows the Department of Revenue Services commissioner, after notifying the Office of Policy and Management secretary and with his approval, to withhold from the taxpayer contributions to the accounts an amount equal to his administrative costs (up to 4% for the military relief fund and 7.5% of the other funds). The law also allows the Military Department and state treasurer to use Military Relief Fund and CHET Baby Scholars Account funds, respectively, to cover administrative costs (up to 2% for the Military Relief Fund; no specified limit for the CHET Baby Scholars Account).

With the exception of the Military Relief Fund and CHET Baby Scholars Account, the administering agencies may use account funds to promote the checkoff programs and the accounts. However, such expenditures may not exceed 10% of the funds raised for each account during the previous year (CGS §§ [17b-288](#), [19a-32a](#), [22a-27](#), [19a-32b](#), and [17b-112f](#)).

CHECKOFF PROGRAM CONTRIBUTIONS

Table 2 shows, for each fund, the total number and amount of donations received under the checkoff program from 1993 through 2014. The last row shows the cumulative number and amount of donations for each fund, and the last two columns show the annual totals across all funds. As the table indicates, taxpayers have contributed over \$6 million under the income tax checkoff program from 1993 through 2014.

Table 2: Income Tax Checkoff Program Contributions, 1993-2014

| <i>Fund</i> | <i>AIDS Research</i> | | <i>Organ Transplant</i> | | <i>Wildlife</i> | | <i>Breast Cancer</i> | | <i>Safety Net</i> | | <i>Military Family</i> | | <i>CHET Baby Scholar</i> | | <i>Annual Total</i> | |
|------------------|----------------------|------------------|-------------------------|------------------|-----------------|------------------|----------------------|------------------|-------------------|------------------|------------------------|------------------|--------------------------|------------------|---------------------|------------------|
| <i>Year</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> | <i>No.</i> | <i>Amount \$</i> |
| 1993 | 14,174 | 87,435 | 8,528 | 45,553 | 11,266 | 69,751 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 33,968 | 202,739 |
| 1994 | 14,297 | 83,851 | 9,338 | 51,583 | 12,553 | 77,154 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 36,188 | 212,588 |
| 1995 | 13,085 | 77,686 | 8,859 | 49,521 | 11,669 | 70,891 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 33,613 | 198,098 |
| 1996 | 14,294 | 82,929 | 10,188 | 55,808 | 13,903 | 87,166 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 38,385 | 225,903 |
| 1997 | 13,665 | 82,165 | 9,558 | 54,761 | 13,431 | 89,402 | 14,430 | 88,482 | 5,299 | 29,589 | n/a | n/a | n/a | n/a | 56,383 | 344,399 |
| 1998 | 12,203 | 71,937 | 9,390 | 56,208 | 11,978 | 84,780 | 14,640 | 103,577 | 5,470 | 33,810 | n/a | n/a | n/a | n/a | 53,681 | 350,312 |
| 1999 | 10,890 | 69,772 | 8,693 | 54,093 | 11,014 | 78,871 | 14,283 | 108,961 | 5,013 | 32,088 | n/a | n/a | n/a | n/a | 49,893 | 343,785 |
| 2000 | 9,657 | 64,451 | 7,601 | 50,111 | 9,779 | 77,532 | 12,939 | 106,508 | 4,469 | 29,104 | n/a | n/a | n/a | n/a | 44,445 | 327,706 |
| 2001 | 8,757 | 59,365 | 7,267 | 49,881 | 9,722 | 79,846 | 12,324 | 107,130 | 4,537 | 32,004 | n/a | n/a | n/a | n/a | 42,607 | 328,226 |
| 2002 | 7,769 | 56,995 | 6,568 | 47,695 | 8,279 | 71,035 | 10,784 | 94,055 | 4,431 | 37,049 | n/a | n/a | n/a | n/a | 37,831 | 306,829 |
| 2003 | 6,122 | 39,992 | 5,148 | 34,306 | 6,605 | 52,238 | 8,559 | 71,454 | 3,344 | 25,193 | n/a | n/a | n/a | n/a | 29,778 | 223,183 |
| 2004 | 5,673 | 55,183 | 4,621 | 39,955 | 6,254 | 66,850 | 8,372 | 97,256 | 3,194 | 34,316 | n/a | n/a | n/a | n/a | 28,114 | 293,560 |
| 2005 | 3,876 | 38,855 | 3,216 | 31,263 | 4,533 | 54,438 | 5,883 | 79,986 | 2,231 | 24,636 | 4,096 | 61,965 | n/a | n/a | 23,835 | 291,143 |
| 2006 | 3,607 | 36,541 | 3,048 | 31,220 | 4,342 | 55,517 | 5,510 | 76,730 | 2,221 | 27,323 | 4,496 | 76,457 | n/a | n/a | 23,224 | 303,788 |
| 2007 | 3,225 | 31,993 | 2,818 | 28,217 | 3,978 | 53,114 | 4,987 | 70,205 | 2,053 | 23,789 | 4,167 | 73,112 | n/a | n/a | 21,228 | 280,430 |
| 2008 | 3,097 | 35,545 | 2,831 | 30,774 | 3,906 | 52,401 | 5,059 | 72,186 | 2,188 | 30,661 | 4,333 | 83,738 | n/a | n/a | 21,414 | 305,305 |
| 2009 | 2,676 | 31,037 | 2,611 | 29,117 | 3,548 | 50,604 | 4,553 | 67,920 | 2,045 | 30,034 | 4,045 | 79,725 | n/a | n/a | 19,478 | 288,437 |
| 2010 | 2,502 | 27,104 | 2,497 | 27,926 | 3,223 | 48,268 | 4,129 | 64,671 | 1,998 | 30,318 | 3,853 | 83,129 | n/a | n/a | 18,202 | 281,416 |
| 2011 | 1,984 | 26,158 | 2,028 | 27,728 | 2,875 | 46,847 | 3,181 | 55,304 | 1,668 | 34,599 | 3,199 | 71,281 | n/a | n/a | 14,935 | 261,917 |
| 2012 | 1,866 | 24,130 | 1,922 | 23,587 | 2,706 | 44,818 | 2,988 | 56,111 | 1,590 | 26,996 | 3,038 | 64,764 | n/a | n/a | 14,110 | 240,406 |
| 2013 | 1,813 | 24,013 | 1,835 | 25,172 | 2,455 | 41,950 | 2,934 | 52,830 | 1,479 | 26,072 | 5,341 | 81,215 | n/a | n/a | 15,857 | 251,252 |
| 2014 | 1,480 | 22,618 | 1,600 | 21,881 | 2,348 | 42,184 | 2,408 | 45,311 | 1,211 | 22,351 | 2,334 | 52,132 | 676 | 21,654 | 12,057 | 228,131 |
| Cumulative Total | 156,712 | 1,129,755 | 120,165 | 769,224 | 160,367 | 1,395,657 | 137,963 | 1,418,677 | 54,441 | 529,932 | 38,902 | 727,518 | 676 | 21,654 | 669,226 | 6,089,553 |

Source: Department of Revenue Services

LEGISLATIVE HISTORY OF THE CHECKOFF PROGRAM

The legislature created the checkoff program in 1993, two years after instituting the state's personal income tax, by establishing three accounts to receive income tax refund contributions. Since then, it has expanded the program four times, most recently in 2014. We briefly describe the program's legislative history below, including the legislature's rationale for the various accounts wherever available. We have excluded acts that made minor and technical changes to the program.

1993: Organ Transplant, Environmental Protection, and AIDS Research Education Accounts

The checkoff program originated in two bills during the 1993 session. The first was an Environment Committee bill to establish the environmental protection checkoff program ([HB 5924](#)). During the bill's public hearing, Kurt Wagner, executive director of the Council on Environmental Quality, indicated that the council considered the checkoff program an effective mechanism for capturing "the public's willingness to pay" for wildlife conservation and management programs. Wagner likened the policy to "hunters support[ing] the taxes on themselves and their sporting products to provide government with the funds necessary to manage and conserve wildlife" (Environment Committee Public Hearing, February 10, 1993). On March 5, 1993, the Environment Committee favorably reported the bill to the Finance, Revenue, and Bonding Committee.

The second bill was a Public Health Committee bill to establish the organ transplant fund checkoff program ([HB 7122](#)). Among those who testified were representatives from the Connecticut AIDS Action Council and an AIDS vaccine manufacturer who requested that the proposal be expanded to include a checkoff program for AIDS treatment, research, and care. The committee favorably reported the bill unchanged to the Finance, Revenue and Bonding Committee on March 18, 1993.

The Finance Committee favorably reported the environment and public health bills to the Appropriations Committee on April 6, 1993, which subsequently reported them to the House on April 29, 1993.

The House took up the public health bill, File 752, on May 25, 1993. Rep. Courtney introduced the bill and explained that the organ transplant fund was to help defray the "catastrophic costs that result from the need for an organ transplant." He then yielded to Rep. Godfrey who introduced an amendment to add the checkoff programs for environmental protection and AIDS research and make other minor changes to the bill. Rep. Godfrey explained that in adding those two additional programs, Connecticut's income tax checkoff programs would conform to Massachusetts which already provided the same three programs. Rep. Godfrey noted that other states have had success with their checkoff programs but have found that "three or three to five seems to be the optimal number [of checkoffs] for actually being successful" (House proceedings, May 25, 1993).

The debate in both the House and Senate centered around the choice of those particular programs, as opposed to other charitable causes, and the costs the agencies would incur in administering the funds. The House adopted the amendment and passed the amended bill by a vote of 119 to 29. The Senate adopted the amended bill by a vote of 32 to 4 ([PA 93-233](#)).

1997: Breast Cancer Research and Safety Net Services Accounts

In 1997, the legislature expanded the program to include two new accounts. The first was the Breast Cancer Research and Education Account ([PA 97-286](#)). The provision appears to have originated in a House amendment to a bill making technical changes to the income tax statutes (House amendment "A" to [HB 6891](#)). Although no one stated a rationale for the adding the program, Rep. Thompson noted in introducing the amendment that the legislation was requested by the Connecticut Breast Cancer Coalition.

The second was the Safety Net Services Account; the legislature added it as part of a large bill conforming state law to the federal welfare reform law ([PA 97-2, June 18 Special Session](#)). The account was designed to help fund safety net services to families losing or at risk of losing their TFA benefits. During the House debate, Rep. Thompson explained that the checkoff program was not intended as a primary funding source for the safety net services, but rather a "bonus" funding source (House proceedings, June 18, 1997). In the Senate, Sen. Harp remarked that the program "helps everyone to feel like they're involved in providing the safety net in the state" (Senate proceedings, June 23, 1997).

2005: Military Relief Fund

The legislature added the Military Family Relief Fund as part of a group of new laws in the 2005 budget implementer providing financial benefits and support services to military members and veterans ([PA 05-3, June Special Session \(JSS\)](#)). The provision appears to have originated in two proposed bills from the 2005 regular session, both of which died in the Veterans' Affairs Committee ([SB 728](#) and [HB 5887](#)). In introducing the bill on the Senate floor, Sen. Slossberg explained that the checkoff program would allow taxpayers to contribute a portion of their refunds to "help support our service members and extend our appreciation for their efforts" (Senate proceedings, June 28, 2005). (The legislature subsequently changed the fund's name to the Military Relief Fund in 2013.)

2014: CHET Baby Scholars Fund

In 2014, the legislature expanded the program to include the CHET Baby Scholars Fund ([PA 14-217 \(§§ 27-28\)](#)). The proposal originated in a governor's bill that included various other provisions designed to encourage families to save for college, including a provision allowing taxpayers to direct a portion of their refunds to individual CHET plans ([HB 5048](#)). The provisions were ultimately enacted as part of the FY 15 budget implementer. There was no discussion of the checkoff program during either the House or Senate debate on the implementer.

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